CONSUMER FINANCE CAPSTONE PROJECT

Students are required to put together a household unit. You will randomly choose an occupation and will need to find the median income for the occupation in this locale which will serve as your gross pay. You will then randomly choose the number of children in your household if you choose to work as a married couple. If you work on the project as a married couple the work can be divided. Based on the information you gather regarding your income you must set up a household budget. You cannot go bankrupt. Your parents and other adults in your life are your best resources. After all they have been adulating for a while!

This project is a capstone senior project. It will be graded on how well you meet the requirements in this document. You will have class time to confer and create but some of the work will need to be done outside of class. The due date for the project is **MAY 7, 2018;** NO late projects will be accepted.

You must be realistic in your budgeting. If you make lots of money you must spend lots of money.

All work will be organized with dividers for sections in a three ring binder.

These are your partner options:

1. Single-you complete the assignment alone.
2. Couples-Following Georgia law you may complete the project as a couple. You will draw a number from 0-5 for the number of children you have. You must have shared decision making and each partner must agree on the choices. Close attention must be paid to the housing, transportation, daycare and food costs associated with having a family.
3. Single living with a Roommate-You must submit two projects. You may share housing expenses, and food expenses. You must each have a car.

Additional Requirements:

Family: You must include a picture of your family unit with a description. In your description include your occupation, salary, child’s education, housing information, car information, savings each month, projected age of retirement and when and with how much you expect to retire.

Occupation: You will need to search career sites (Monster.com, Indeed.com, Dice.com, Simplyhired.com, and USA.gov) to find a job description for your occupation. Include the median salary, education needed and location of your job. Your home selection must allow you to commute to your job.

Home:

Each student or couple will be required to have a single family home. You may purchase or rent. If you purchase a home the home’s value must be 2 to 3 times your gross combined salary. In the purchase process you can assume that you will pay 20% down and get a loan for the remainder of the cost of your home. You then find an interest rate you can afford from a site such as Quicken Loans or Lending Tree. You then need to include an amortization table-there are website later in this document that you can use for the table. If you rent, your rental payment should be between 15 to 20 percent of your net income.

Car:

Each student must purchase a car of some sort. You will do research on the type of car you want. You can go physically to look at the car or search the internet. You will then need to get a loan on the car, produce an amortization schedule and purchase car insurance.

Insurance:

You will need insurance on your house, car, life, and health. You many have life and health insurance through your job. Just make sure you indicate this in your write-up.

Tasks to include:

Comparison grocery shopping:

You must choose two grocery stores and compare your family shopping.

Banking:

Select a local bank and collect a schedule of fees for services and types of accounts they offer. Include your selection of bank and what appealed to you about the bank.

Appliance purchase:

You must compare a description of comparison shopping for a major appliance (refrigerator, television, washing machine, etc…) Compare three different brands. Explain why you choose one of the three as your appliance.

Credit:

Gather at least two blank credit applications from merchants. Do Not complete online applications. Compare grace periods, interest rates, etc. and choose one explaining why you chose that particular application.

Clark Howard Report:

Listen to one hour of the Clark Howard Report. He is o WSB TV as well as on-line. Write a summary of his report.

Budget items to be completed:

To be done in a spreadsheet-include calculations. The following items MUST be in your budget:

* Gross and net pay
* Taxes: Federal, state (based on income tax tables) FICA (7%)
* Housing: mortgage, utilities (gas, water, electricity, garbage collection, sewage, phone, cable, internet) property taxes and insurance
* Transportation: car payment, gas, maintenance, car insurance
* Food: groceries, lunches at work, eating out
* Clothing: new purchases and/or dry cleaning
* Medical: dental, health, and life
* Education: child care, after school, books, and tuition
* Personal: allowance for kids, entertainment, and recreation
* Savings: retirement, kids’ education
* Miscellaneous: itemize

At the end of the project each person must include a write up about your expectations before you began and what you discovered as you researched your budget.

Tax Returns- I will have copies for you to complete and I will give you places you can search to understand how to complete the forms. I will also give you the W-2 forms as well.

Use the following cost guidelines:

Utilities:

* Gas and electricity- $210 (+ $15 dollars for every $20,000 that your house is over $100,000)
* Water- $30 (+5 dollars for every $25,000 that your house is over $100,000)

You must double your water bill if you are on sewage rather than septic tank. If you are on a septic tank, then you need to add extra money for maintenance for future issues.

Garbage collection $20 to $30 per month

Phone-research plans

Cable/internet-research plans

Homeowners insurance:

House cost Insurance cost

Under $100,000 $360 per year

$100,000 - $200,000 $480 per year

$200,000 - $300,000 $540 per year

$300,000 and above $540 plus $10 dollars per $100,000 above $300,000

Food: Household: $200 per person per month combined incomes less than $100,000. $230 for incomes over $100,00. Lunches: Minimum of $25 per month.

Clothes: Purchases: $40 per month plus $75 per month per person. Dry Cleaning: $25 per month for people with professional jobs.

Transportation costs: Gas and Oil: $100 per month per car + $15 dollars for houses over $150,000.

Child care: research your location

Personal costs: determine but be realistic

Saving: None required but should be a goal

**Manage Your Time** as it will be impossible for you to complete this project in one evening.